B&A Buys & Associates, Inc.
Environmental Consultants

2580 Creekview Road
Moab, Utah 84532
435/719-2018 435/719-2019 Fax

October 2, 2007

Mrs. Diana Mason
State of Utah
Division of Oil Gas and Mining
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RE: Application for Permit to Drill - Stewart Petroleum Corporation
State #35-11– 2,261' FSL & 1,661' FWL, NE/4 SW/4,
Section 35, T15-1/2S, R22E, SLB&M, Grand County, Utah

Dear Mrs. Mason:

On behalf of Stewart Petroleum Corporation, Buys & Associates, Inc. respectfully submits the enclosed original and one copy of the Application for Permit to Drill (APD) for the above referenced SITLA surface and mineral vertical well. A request for exception to spacing (R649-3-3) is hereby requested based on topography since the well is located within 460' of the drilling unit boundary. Stewart Petroleum Corporation is the only owner and operator within 460' of the proposed well and all points along the intended well bore path. Included with the APD is the following supplemental information:

Exhibit "A" - Survey plats, layouts and photos of the proposed well site;

Exhibit "B" - Proposed location maps with access corridor;

Exhibit "C" - Drilling Plan;

Exhibit "D" - Surface Use Plan;

Exhibit "E" - Typical BOP and Choke Manifold diagram.

Please accept this letter as Stewart Petroleum Corporation's written request for confidential treatment of all information contained in and pertaining to this application.

Thank you very much for your timely consideration of this application. Please feel free to contact myself or Daryl Stewart of Stewart Petroleum Corporation at 303-799-1922 if you have any questions or need additional information.

Sincerely,

Don Hamilton

Don Hamilton
Agent for Stewart Petroleum Corporation

cc: Daryl Stewart, Stewart Petroleum Corporation
Lavonne Garrison, SITLA
Ed Bonner, SITLA
Dennis Ingram, Division of Oil, Gas and Mining

ORIGINAL

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STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐
(highlight changes)

APPLICATION FOR PERMIT TO DRILL

5. MINERAL LEASE NO: ML-47560	6. SURFACE: State
1A. TYPE OF WORK: DRILL ☑ REENTER ☐ DEEPEN ☐	7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
B. TYPE OF WELL: OIL ☐ GAS ☑ OTHER _____ SINGLE ZONE ☐ MULTIPLE ZONE ☑	8. UNIT or CA AGREEMENT NAME: Cedar Camp (SITLA) Unit
2. NAME OF OPERATOR: Stewart Petroleum Corporation	9. WELL NAME and NUMBER: State 35-11
3. ADDRESS OF OPERATOR: 475 17th St., Ste. 1250 CITY Denver STATE CO ZIP 80202 — PHONE NUMBER: (303) 799-1922	10. FIELD AND POOL, OR WILDCAT: Wildcat
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 2,261' FSL & 1,661' FWL, NE/4 SW/4, Section 35, T15-1/2S, R22E, SLB&M AT PROPOSED PRODUCING ZONE: 632326 X 4368547 Y 39.45821 -109.46195	11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 44.93 miles southeast of Ouray, Utah	12. COUNTY: Grand — 13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET): 1,519'	16. NUMBER OF ACRES IN LEASE: 915.60 — 17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET): None	19. PROPOSED DEPTH: 11,000 — 20. BOND DESCRIPTION: Bond #N3145
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 7,546' GR	22. APPROXIMATE DATE WORK WILL START: 12/1/2007 — 23. ESTIMATED DURATION: 21 days drilling, 40 days comp.

24. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
20"	16"	Cond.	0.250"	60	
12-1/4"	9-5/8"	K-55	36#	1,000	see Drilling Plan
7-7/8"	5-1/2"	N-80	17#	9,900	see Drilling Plan
7-7/8"	5-1/2"	P-110	17	11,000	see Drilling Plan

25. **ATTACHMENTS**

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- ☑ WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER
- ☐ EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER
- ☑ COMPLETE DRILLING PLAN
- ☐ FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) Don Hamilton — TITLE Agent for Stewart Petroleum Corporation

SIGNATURE Don Hamilton — DATE 10/2/2007

(This space for State use only)

API NUMBER ASSIGNED: 43-019-31557

Approved by the Utah Division of Oil, Gas and Mining
APPROVAL:

Date: 12-19-07
(See Instructions on Reverse Side)
By:

RECEIVED
OCT 04 2007
DIV. OF OIL, GAS & MINING

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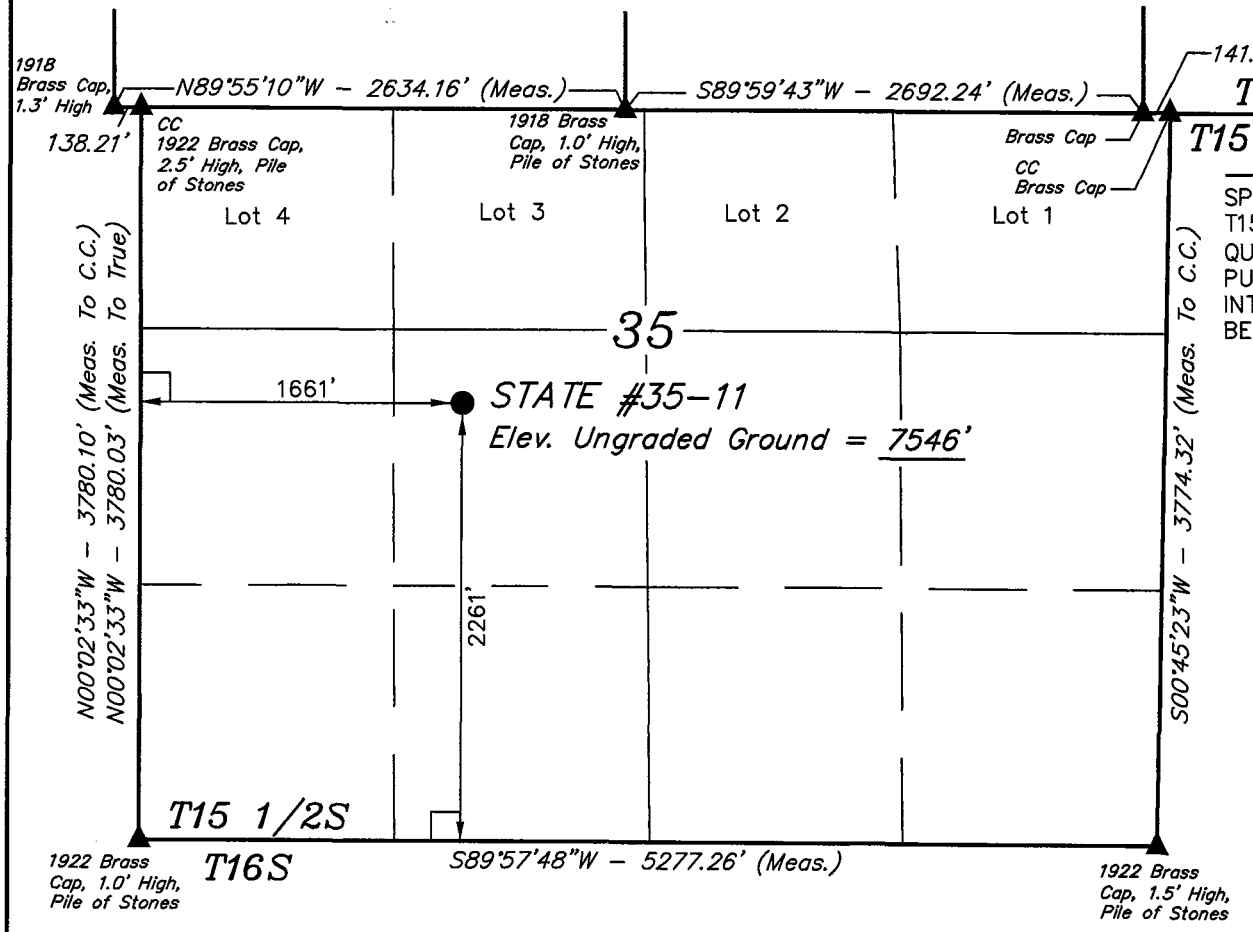
(11/2001)

STEWART PETROLEUM CORPORATION

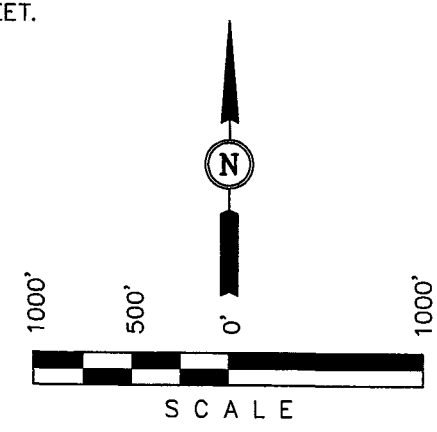
Well location, STATE #35–11, located as shown in the NE 1/4 SW 1/4 of Section 35, T15 1/2S, R22E, S.L.B.&M. Grand County, Utah.

T15 1/2S, R22E, S.L.B.&M.



BASIS OF ELEVATION

SPOT ELEVATION LOCATED AT THE SE CORNER OF SECTION 30, T15S, R22E, S.L.B.&M. TAKEN FROM THE CEDAR CAMP CANYON, QUADRANGLE, UTAH, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 7454 FEET.



CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

REGISTERED LAND SURVEYOR No. 161319 ROBERT L. KAY STATE OF UTAH

REGISTERED LAND SURVEYOR
REGISTRATION NO. 161319
STATE OF UTAH

BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.

(AUTONOMOUS NAD 83)
LATITUDE = 39°27'29.80" (39.458278)
LONGITUDE = 109°27'46.74" (109.462983)
(AUTONOMOUS NAD 27)
LATITUDE = 39°27'29.92" (39.458311)
LONGITUDE = 109°27'44.29" (109.462303)

LEGEND:

- └ = 90° SYMBOL
- ● = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

UINTAH ENGINEERING & LAND SURVEYING
85 SOUTH 200 EAST – VERNAL, UTAH 84078
(435) 789–1017

SCALE: 1" = 1000'	DATE SURVEYED: 08–27–07	DATE DRAWN: 08–31–07
PARTY: J.W. Q.B. S.L.	REFERENCES: G.L.O. PLAT	
WEATHER: HOT	FILE: STEWART PETROLEUM CORPORATION	

DRILLING PLAN

Attachment for Permit to Drill

Name of Operator: Stewart Petroleum Corporation
Address: 475 17th St., Ste. 1250
Denver, CO 80202

Well Location: State # 35-11
Surface: 2,261' FSL & 1,661' FWL,
NE/4 SW/4, Sec. 35, T15-½S, R22E, SLB&M
Grand County, UT
Elevation 7,546'

1. GEOLOGIC SURFACE FORMATION Green River

2 & 3. ESTIMATED DEPTHS OF IMPORTANT GEOLOGIC MARKERS AND ANTICIPATED WATER, OIL, GAS OR MINERALS

Formation	Depth (MD)	Depth (TVD)	Depth (TVD subsea)	Oil/Gas Zones
Wasatch	1000		6546	oil or gas
Mesaverde	3070		4476	gas
Castlegate	4900		2646	gas
Mancos	5100		2446	gas
Dakota Silt	8900		(1354)	gas
Cedar Mtn	9100		(1554)	gas
Entrada	9900		(2354)	gas
Wingate	10300		(2754)	gas
TD	11000			

4. PROPOSED CASING PROGRAM

All casing used to drill this well will be new casing.
subject to review on the basis of actual conditions encountered.

	Depth	hole size	Csg O.D.	Grade	Weight/Ft
Conductor	60'	20"	16"	Contractor	0.250" wall
Surface	1,000'	12 1/4"	9 5/8"	K-55	36# new
Production	0-9,900'	7 7/8"	5 1/2"	N-80	17# new
	9,900'-11,000'	7 7/8"	5 1/2"	P-110	17# new

5. OPERATOR'S MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL

Surface hole: No BOPE will be utilized.

Intermediate hole: To be drilled using a diverter stack with rotating head to divert flow from rig floor.

Production hole: Prior to drilling out the intermediate casing shoe, 5,000 psi or greater BOP equipment will be installed. The pipe rams will be operated at least once per day from surface to total depth. The blind rams will be tested once per day from surface to total depth if operations permit.

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DRILLING PLAN

APPROVAL OF OPERATIONS

A diagram of the planned BOP equipment for normal drilling operations in this area is attached. As denoted there will be two valves and one check valve on the kill line, two valves on the choke line, and two adjustable chokes on the manifold system. The BOP "stack" will consist of two BOP rams (1 pipe, 1 blind) and one annular type preventer, all rated to a minimum of 5,000 psi working pressure.

The BOP equipment will be pressure tested prior to drilling out surface casing shoe and anytime a new casing string is set.. All test pressures will be maintained for fifteen (15) minutes without any significant pressure decrease. Clear water will be circulated into the BOI stack and lines prior to pressure testing. The following test pressures will be used as a minimum for various equipment items.

1.	Annular BOP	1,500 psi
2.	Ram type BOP	5,000 psi
3.	Kill line valves	5,000 psi
4.	Choke line valves and choke manifold valves	5,000 psi
5.	Chokes	5,000 psi
6.	Casing, casinghead & weld	1,500 psi
7.	Upper kelly cock and safety valve	5,000 psi
8.	Dart valve	5,000 psi

6. MUD SYSTEMS
   - Drilling fluids: Well will be drilled with a low solids non-dispersed mud. In the event of severe lost circulation the mud be aerated.
   - The mud system will be monitored manually/visually.

Interval	Mud Weight (ppg)	Viscosity	Fluid Loss	Remarks
0 – 60'	8.3 – 8.6	27-40	--	Native Spud Mud
60' – 1,000'	8.3 – 8.6	27-40	15 cc or less	Native/Gel/Lime
1,000' – TD	8.6 – 9.5	38-46	15 cc or less	Potassium Formate

7. BLOOIE LINE
   - An automatic igniter will not be installed on blooie line. The blooie will have a contant ignition source.
   - A "target tee" connection will be installed on blooie line for 90° change of directions for abrasion resistance.
   - "Target tee" connections will be a minimum of 50' from wellhead.
   - The blooie line discharge will be a minimum of 80' from the wellhead.

8. AUXILIARY EQUIPMENT TO BE USED
   a. Kelly cock.
   b. Full opening valve with drill pipe connection will be kept on floor. Valve will be used when the kelly is not in string
   c. Float Sub at bit—No
   d. Mud logger & Instrumentation--Yes

9. TESTING. LOGGING, AND CORING PROGRAMS TO BE FOLLOWED
   - DST's: none expected
   - Logging: DIFL/SP/GR TD to surface
   - SDL/CNL/CAL w/ DFIL from TD to 2,500'
   - Sonic/GR/Cal from TD to surface
   - Mudlogger from Wasatch to TD
   - Coring: none planned

10. ANTICIPATED ABNORMAL PRESSURES OR TEMPERATURES EXPECTED
    - No abnormal pressures or hydrogen sulfide are anticipated based on drilling within the immediate area.
    - In Flat Rock Field, approximately 4.5 miles to the northwest, the Del-Rio/Orion #29-7A produced a 36 hour shut in pressure of 3,100 psi and a calculated formation pore pressure of approximately 4,000 @ 11,700'.

DRILLING PLAN

APPROVAL OF OPERATIONS

11. WATER SUPPLY
- Produced water from offset field operations will be utilized to drill this well.
- No water pipelines will be laid for this well.
- No water well will be drilled for this well.
- Drilling water for this will be hauled on the road(s) shown in Exhibit "B".
- If supplemental water is required it will be obtained from the following source: Water Permit # 49-123 (A8815), Priority Date: 05/09/1921 (DeLambert, Burt and Christine) through an approved temporary application t33231 filed was on 7-25-07 and later approved is on 8-7-07 valid until 8-7-08

12. CEMENT SYSTEMS

Conductor: 0-60' Ready mix to surface

Surface Casing: 0-1000'
Lead: 200 sx HiFill w/ 0.125 lbm/sk Poly E-Flake
Tail: 145 sx Premium AG 300 (class G) w/ 2% CaCl & 0.125 lbm/sk Poly E-Flake
100% excess. Will top w/ cement down 1" pipe w/ 50 sx Premium top out cement
Cement Characteristics: Lead:
Yield: 3.12 cu ft/sk
Slurry weight: 11.6 ppg
Compressive strength: 500 psi (24 hrs @ 80 degrees F)
Tail:
Yield: 1.17 cu ft/sk
Slurry weight: 15.8 ppg
Compressive strength: 3000 psi (24 hrs @ 80 degrees F)

Production Casing: 0-11,000;
Lead 30 sx 50:50 pozmix w/ 5 lbm/sk silicalite
Primary: 1,200 sx 50:50 pozmix w/ 5 lbm/sk silicalite
Tail: 25 sx 50:50 pozmix w/ 5 lbm/sk silicalite
15% excess
Cement Characteristics:
Yield: 1.47 cu ft/sk
Slurry weight: (not foamed): 14.3 ppg
Slurry weight: (foamed): 11.0 ppg
Compressive strength: 1,125 psi (24 hrs @ 140 degrees F: 1,500 psi)

Actual cement volumes will be based on caliper calculations

13. ANTICIPATED STARTING DATE AND DURATION OF THE OPERATIONS

Starting Date:	December 1, 2007
Duration:	21 days

SURFACE USE PLAN

Attachment for Permit to Drill

Name of Operator:	Stewart Petroleum Corporation
Address:	475 17th St., Ste. 1250 Denver, CO 80202
Well Location:	State # 35-11 Surface: 2,261' FSL & 1,661' FWL, NE/4 SW/4, Sec. 35, T15-½S, R22E, SLB&M Grand County, UT Elevation 7,546'

The dirt contractor will be provided with an approved copy of this document prior to initiating construction. The well site and access road is located on SITLA surface and SITLA mineral.

1. **Existing Roads**

   a. Proposed access road will utilize the native surfaced Grand County Road 194 (Seep Ridge to Hay Canyon road) to the native surfaced Grand County Road 206 (Winter Ridge Road) to a point in adjacent Section 36, T15-1/2S, R22E, SLB&M (See Exhibit "B").

   b. A Grand County road encroachment permit will be secured for upgrade of the existing approach located in Section 36, T15-1/2S, R22E, SLB&M.

   c. We do not plan to change, alter or improve upon any other existing state or county roads.

   d. All existing roads will be maintained and kept in good repair during all phases of operation.

   e. Vehicle operators will obey posted speed restrictions and observe safe speeds commensurate with road and weather conditions.

2. **Planned Access Roads**

   a. From the existing native surfaced Grand County Road 206 (Winter Ridge Road an existing two-track access is proposed for upgrade trending southwest approximately 0.35 miles. From that point a new access is proposed deviating from the existing road for 0.25 miles to avoid cultural resources. The existing road is then rejoined and utilized for an additional 0.9 miles. From that point 0.4 miles of new access is proposed to the

proposed well site. The access consists of 1.25 miles of two-track upgrade and 0.65 miles of new disturbance that crosses one significant drainage.

b. A road design plan is not anticipated at this time.

c. The proposed access road will consist of a 24' travel surface within a 30' disturbed area across SITLA surface.

d. SITLA approval to construct and utilize the proposed access road is requested with this application.

e. Planned access does not cross federal or Ute Tribal lands.

f. A maximum grade of 10% will be maintained throughout the project with no major cuts and fills anticipated.

g. No turnouts are proposed since the access road is only 1.9 miles long and adequate site distance exists in all directions.

h. Several low water crossings and no culverts are anticipated. Adequate drainage structures will be incorporated into the remainder of the road.

i. No surfacing material will come from federal or State lands.

j. No gates or cattle guards are anticipated at this time.

k. Surface disturbance and vehicular travel will be limited to the approved location access road.

l. The operator will be responsible for all maintenance of the access road including drainage structures.

3. **Location of Existing Wells**

a. See Exhibit "B". There are no proposed and no existing wells within a one mile radius of the proposed location.

4. **Location of Existing and/or Proposed Facilities**

   a. If the well is deemed productive a sundry notice reflecting the production site layout will be submitted for approval

   b. Rehabilitation of all pad areas not used for production facilities will be made in accordance with SITLA stipulations.

   c. A gas pipeline is associated with this application and is being applied for at this time. The proposed gas pipeline corridor will leave the northeast side of the well site and traverse 9,700' east along the proposed access road to the existing Cedar Camp pipeline.

   d. The new gas pipeline will be a 12" or less steel surface line within a 40' wide disturbed pipeline corridor. The use of the proposed well site and access roads will facilitate the staging of the pipeline construction. A new surface pipeline length of approximately 1.9 miles is associated with this well.

   e. Stewart Petroleum Corporation intends to surface lay the pipeline and connect the pipeline together utilizing conventional welding technology.

5. **Location and Type of Water Supply**

   a. The location and type of water supply has been addressed as #11 within Exhibit "D". (Drilling Plan).

6. **Source of Construction Materials**

   a. Any necessary construction materials needed will be obtained locally from a private source and hauled to the location on existing roads.

7. **Methods for handling waste disposal**

   a. A small reserve pit will be constructed with a minimum of one-half the total depth below the original ground surface on the lowest point within the pit. The pit will be lined with a synthetic liner. Three sides of the reserve pit will be fenced within 24 hours after completion of construction and the fourth side within 24 hours after drilling operations cease with four strands of barbed wire, or woven wire topped with barbed wire to a height of not less than four feet. The fence will be kept in good repair while the pit is drying.

b. Following drilling, the liquid waste will be evaporated from the pit and the pit backfilled and returned to natural grade. No liquid hydrocarbons will be discharged to the reserve pit or location.

c. In the event fluids are produced, any oil will be retained in tanks until sold and any water produced will be retained until its quality can be determined. The quality and quantity of the water will determine the method of disposal.

d. Trash will be contained in a portable metal container and will be hauled from location periodically and disposed of at an approved disposal site. Chemical toilets will be placed on location and sewage will be disposed of at an appropriate disposal site.

8. **Ancillary Facilities**

a. We anticipate no need for ancillary facilities with the exception of trailers to be located on the drill site.

9. **Well-site Layout**

a. Available topsoil will be removed from the location and stockpiled. The location of the rig, reserve and blooie pits, and drilling support equipment will be located as shown on Exhibit "A", Figure 1 (Location Layout).

b. A blooie pit will be located 100' from the drill hole. A line will be placed on the surface from the center hole to the blooie pit. The blooie pit will not be lined, but will be fenced on four sides to protect livestock/wildlife.

c. Access to the well pad will be as shown on the location layout.

d. Natural runoff will be diverted around the well pad as shown on the location layout.

10. **Plans for Restoration of Surface**

a. All surface areas not required for producing operations will be graded to as near original condition as possible and contoured to maintain possible erosion to a minimum.

b. Available topsoil will be stockpiled and will be evenly distributed over the disturbed areas and the area will be reseeded as prescribed by the SITLA.

c. Pits and any other area that would present a hazard to wildlife or livestock will

be fenced off when the rig is released and removed.

d. Any oil accumulation on the pit will be removed or overhead flagged as dictated by then existing conditions.

e. Rehabilitation will commence following completion of the well. Holes will be filled immediately upon release of the drilling rig from the location. If the well-site is to be abandoned, all disturbed areas will be re-contoured to the natural contour as is possible.

11. **Surface Ownership**

a. Surface Ownership – State of Utah – under the management of the SITLA - State Office, 675 East 500 South, Suite 500, Salt Lake, City, Utah 84102-2818; 801-538-5100.

b. Mineral Ownership – State of Utah – under the management of the SITLA - State Office, 675 East 500 South, Suite 500, Salt Lake, City, Utah 84102-2818; 801-538-5100.

c. The operator shall contact the surface representative and the Division of Oil, Gas and Mining 48 hours prior to beginning construction activities.

12. **Other Information**:

a. The primary surface use is wildlife habitat and grazing. The nearest dwelling is in over 5 miles east of the proposed location. The nearest live water is the intermittent Meadow Creek 0.66 miles south.

b. If there is snow on the ground when construction begins, it will be removed before the soil is disturbed, and piled downhill from the topsoil stockpile location.

c. The back-slope and fore-slope will be constructed no steeper than 3:I.

d. All equipment and vehicles will be confined to the access road and well pad.

e. A complete copy of the approved Application for Permit to Drill (APD) including conditions and stipulations and the surface use agreement shall be on the well-site during construction and drilling operations.

f. There will be no deviation from the proposed drilling and/or workover program without prior approval from the Division of Oil, Gas & Mining.

13. **Company Representative**

Daryl Stewart
Stewart Petroleum Corporation
475 17th St., Ste. 1250
Denver, CO 80202
(303) 799-1922

Company Agent
Don Hamilton
Buys & Associates, Inc
2580 Creekview Road;
Moab, Utah 84532
435-718-2018

14. **Certification**

I hereby certify that I, or persons under my direct supervision have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct, and that the work associated with the operations proposed herein will be performed by Stewart Petroleum Corporation and its subcontractors in conformity with this plan and the terms and conditions under which it is approved.

10-31-07
Date

Don Hamilton
Don Hamilton
Agent for Stewart Petroleum Corporation

STEWART PETROLEUM CORPORATION

STATE #35-11
SECTION 35, T15 1/2S, R22E, S.L.B.&M.

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 14.0 MILES TO THE JUNCTION OF STATE HIGHWAY 88; TURN LEFT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 17.0 MILES TO OURAY, UTAH; PROCEED IN A SOUTHERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 54.9 MILES ON THE SEEP RIDGE ROAD TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHWEST; TURN RIGHT AND PROCEED IN A SOUTHWESTERLY DIRECTION APPROXIMATELY 7.0 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHWEST; TURN RIGHT AND PROCEED IN A NORTHWESTERLY DIRECTION APPROXIMATELY 4.1 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING TWO-TRACK ROAD TO THE SOUTHWEST; TURN LEFT AND PROCEED IN A SOUTHWESTERLY, THEN NORTHWESTERLY DIRECTION APPROXIMATELY 1.8 MILES TO THE BEGINNING OF THE PROPOSED ACCESS TO THE NORTHWEST; FOLLOW ROAD FLAGS IN A NORTHWESTERLY, THEN SOUTHWESTERLY DIRECTION APPROXIMATELY 0.4 MILES TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 99.2 MILES.

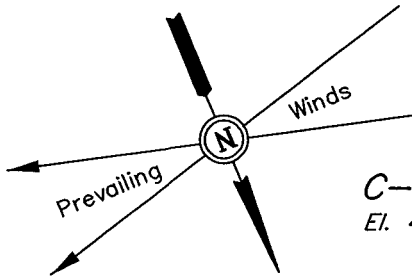
STEWART PETROLEUM CORPORATION

LOCATION LAYOUT FOR

STATE #35-11

SECTION 35, T15 1/2S, R22E, S.L.B.&M.
2261' FSL 1661' FWL

FIGURE #1



SCALE: 1" = 50'
DATE: 09-04-07
Drawn By: S.L.

NOTE:
Flare Pit is to be located a min. of 100' from the Well Head.

Approx. Toe of Fill Slope

F-17.6'
El. 24.7'

C-2.3'
El. 44.6'

Sta. 3+75

F-1.0'
El. 41.3'

Round Corners as Needed

REGISTERED LAND SURVEYOR No. 161319 ROBERT L. KAY STATE OF UTAH

Approx. Top of Cut Slope

Pit Topsoil

PIPE TUBS

CATWALK

PIPE RACKS

C-4.0'
El. 46.3'

FLARE PIT

C-3.3'
El. 45.6'

El. 42.4'
C-10.1'
(btm. pit)

80'

15'

45'

RIG

150'

Sta. 1+75

C-3.0'
El. 45.3'

DOG HOUSE

TOILET

TRAILER

F-10.4'
El. 31.9'

LIGHT PLANT

BOILER

COMPRESSOR

PUMP HOUSE

MUD TANKS

WATER TANK

BOOSTER

Reserve Pit Backfill & Spoils Stockpile

10' WIDE BENCH

190'

RESERVE PITS
(10' Deep)

Total Pit Capacity
W/2' of Freeboard
= 14,580 Bbls. ±
Total Pit Volume
= 4,020 Cu. Yds.

Sta. 0+85

1 1/2:1 Slope

175'

Sta. 0+50

Topsoil Stockpile

TRASH

PROPANE STORAGE

33'

45'

C-4.2'
El. 46.5'

Sta. 0+00

El. 47.1'
C-14.8'
(btm. pit)

C-6.8'
El. 49.1'

Proposed Access Road

F-15.5'
El. 26.8'

NOTES:

Elev. Ungraded Ground At Loc. Stake = 7546.3'

FINISHED GRADE ELEV. AT LOC. STAKE = 7542.3'

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

STEWART PETROLEUM CORPORATION

FIGURE #2

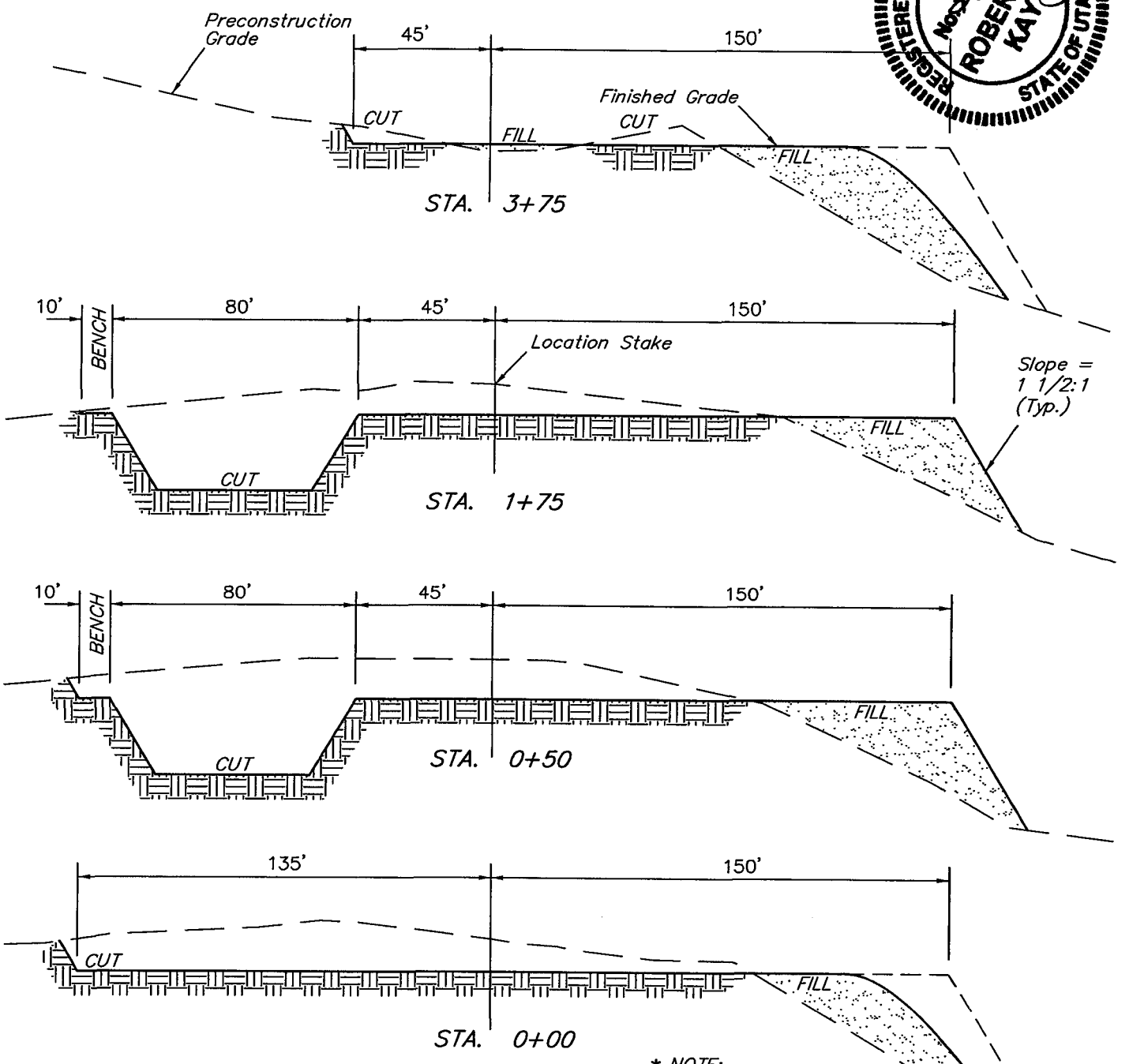
TYPICAL CROSS SECTIONS FOR

STATE #35-11
SECTION 35, T15 1/2S, R22E, S.L.B.&M.
2261' FSL 1661' FWL

1" = 20'
X-Section Scale
1" = 50'

DATE: 09-04-07
Drawn By: S.L.

REGISTERED LAND SURVEYOR No. 161319 ROBERT L. KAY STATE OF UTAH



* NOTE:
FILL QUANTITY INCLUDES 5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT
(12") Topsoil Stripping = 2,040 Cu. Yds.
Remaining Location = 10,270 Cu. Yds.

TOTAL CUT = 12,310 CU.YDS.
FILL = 8,260 CU.YDS.

EXCESS MATERIAL = 4,050 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.) = 4,050 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation) = 0 Cu. Yds.

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

STEWART PETROLEUM CORPORATION

STATE #35-11

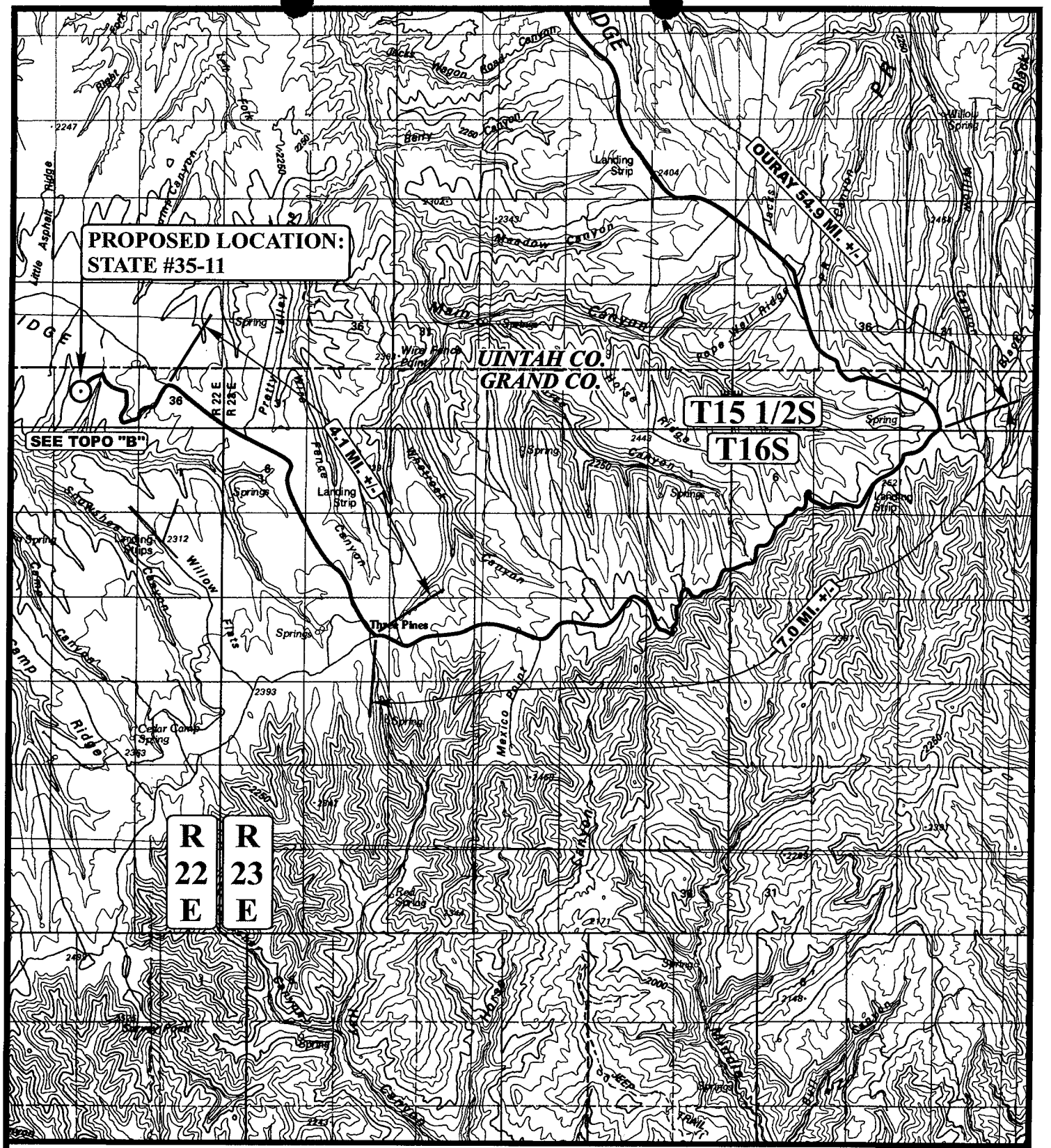
LOCATED IN GRAND COUNTY, UTAH
SECTION 35, T15 1/2S, R22E, S.L.B.&M.

PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE **CAMERA ANGLE: NORTHWESTERLY**

PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS **CAMERA ANGLE: SOUTHERLY**

- Since 1964 -
Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS	09 MONTH	11 DAY	07 YEAR	PHOTO
TAKEN BY: J.W.	DRAWN BY: C.P.	REVISED: 00-00-00		



LEGEND:

⊙ PROPOSED LOCATION

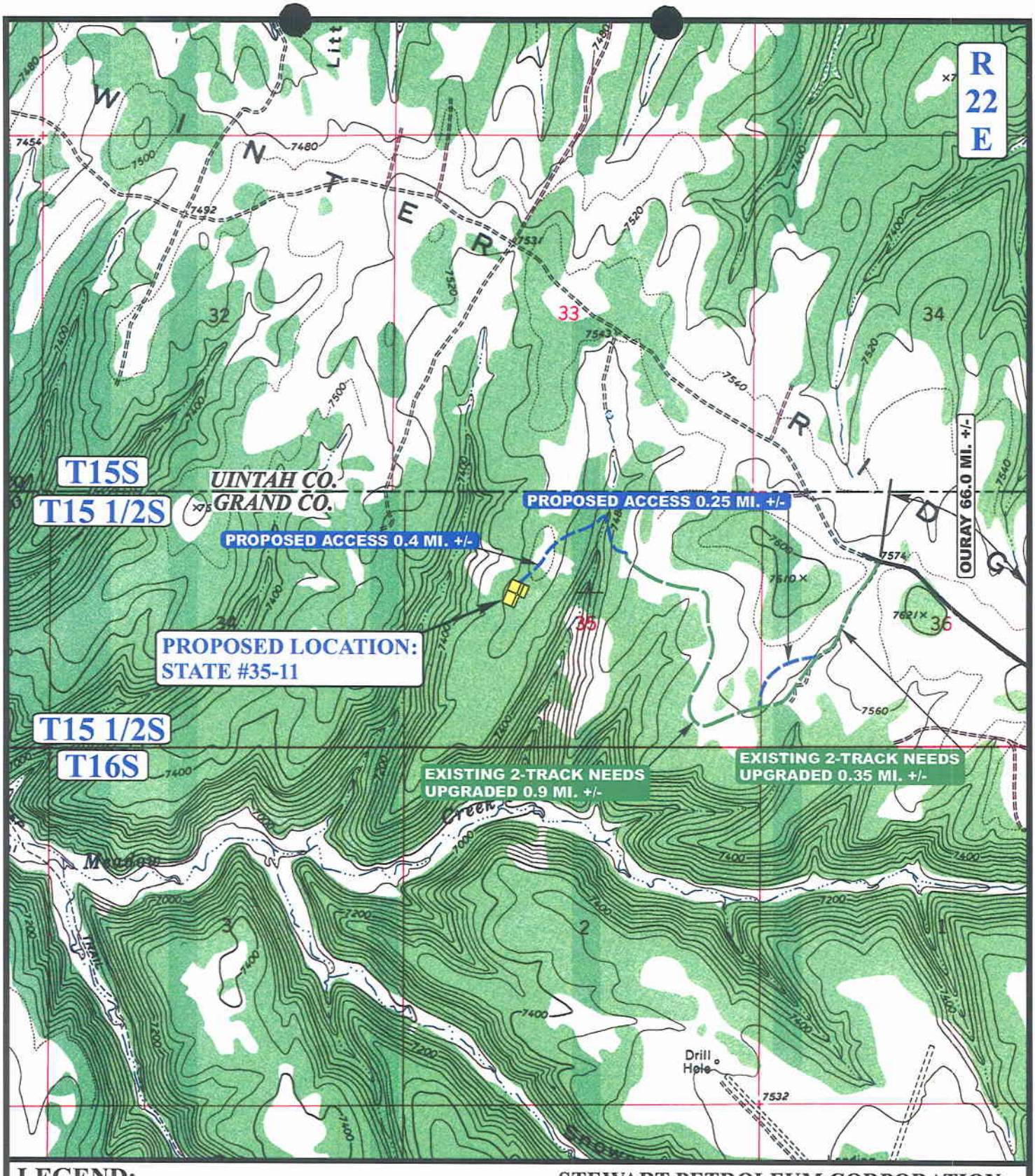
N

STEWART PETROLEUM CORPORATION

STATE #35-11
SECTION 35, T15 1/2S, R22E, S.L.B.&M.
2261' FSL 1661' FWL

UELS
Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC MAP	09 MONTH	11 DAY	07 YEAR	A TOPO
SCALE: 1:100,000	DRAWN BY: C.P.	REVISED: 10-29-07		



LEGEND:

EXISTING ROAD

PROPOSED ACCESS ROAD

EXISTING 2-TRACK NEEDS UPGRADED

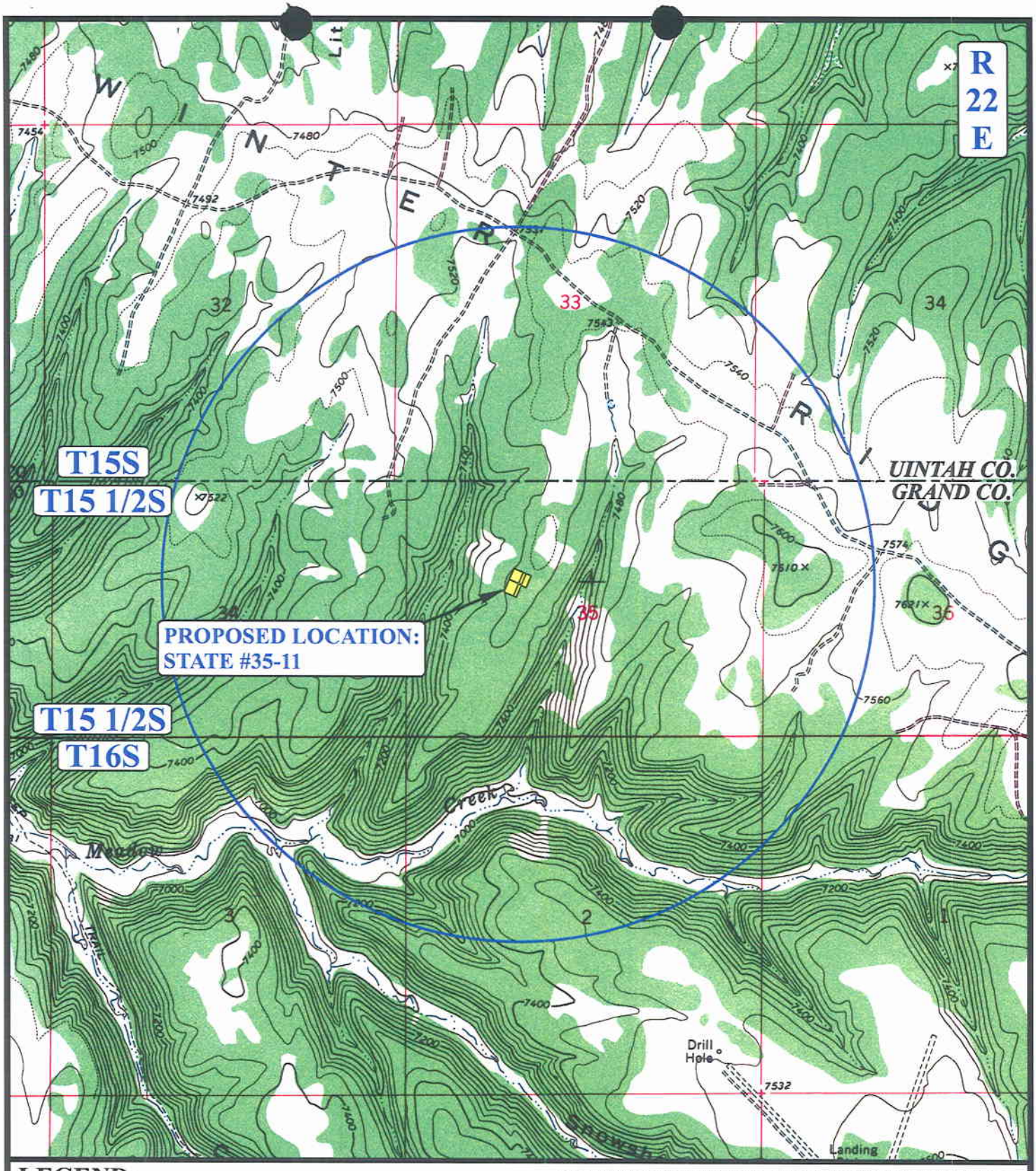
N

STEWART PETROLEUM CORPORATION

STATE #35-11
SECTION 35, T15 1/2S, R22E, S.L.B.&M.
2261' FSL 1661' FWL

Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC MAP	09 MONTH	11 DAY	07 YEAR	B TOPO
SCALE: 1" = 2000'	DRAWN BY: C.P.	REVISED: 10-29-07		



LEGEND:

- DISPOSAL WELLS
- PRODUCING WELLS
- SHUT IN WELLS
- WATER WELLS
- ABANDONED WELLS
- TEMPORARILY ABANDONED

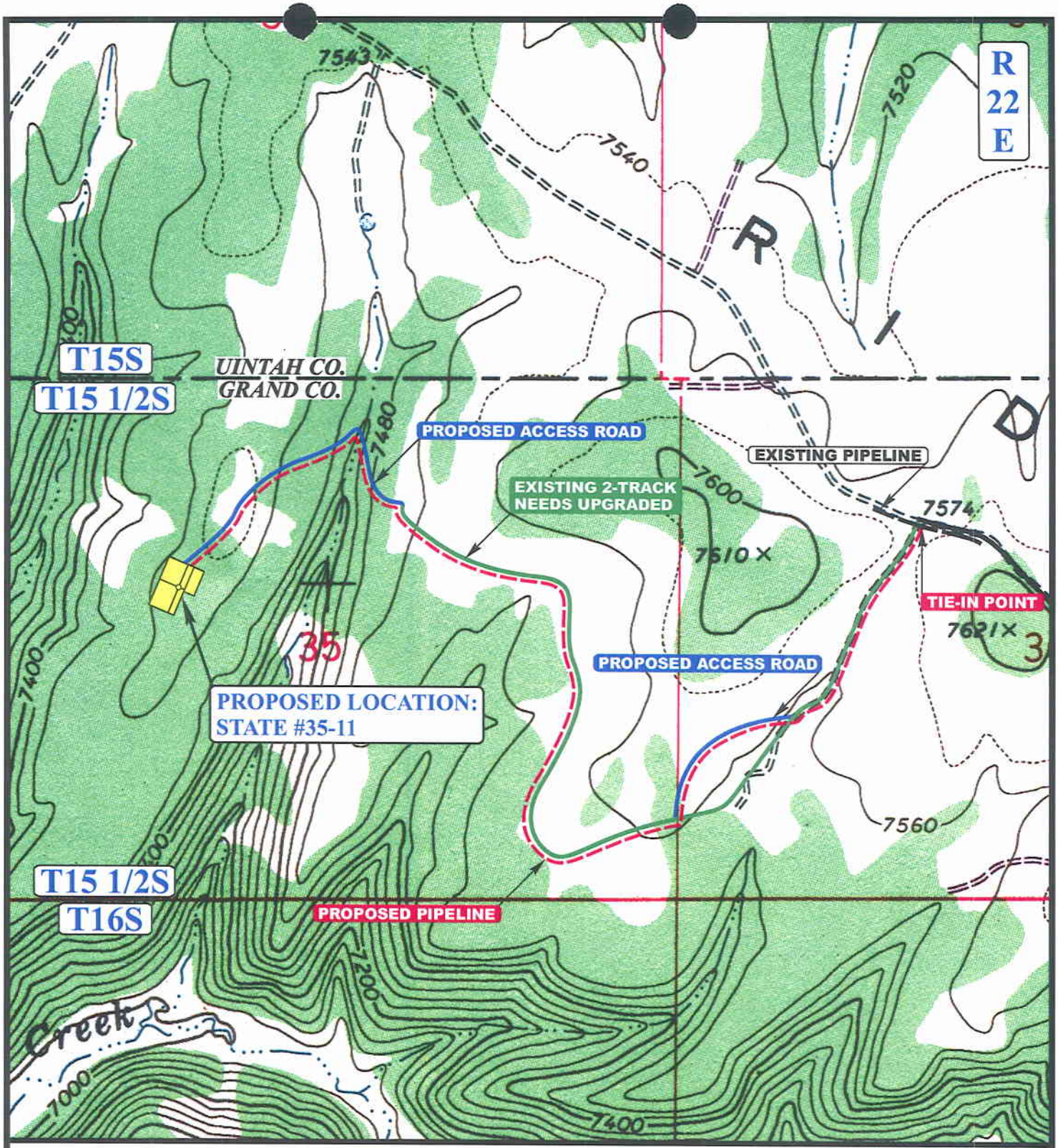
N

STEWART PETROLEUM CORPORATION

STATE #35-11
SECTION 35, T15 1/2S, R22E, S.L.B.&M.
2261' FSL 1661' FWL

Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC MAP	09 MONTH	11 DAY	07 YEAR	C TOPO
SCALE: 1" = 2000'	DRAWN BY: C.P.	REVISED: 00-00-00		



APPROXIMATE TOTAL PIPELINE DISTANCE = 9,700' +/-

LEGEND:

- PROPOSED ACCESS ROAD
- EXISTING 2-TRACK NEEDS UPGRADED
- EXISTING PIPELINE
- PROPOSED PIPELINE

N

STEWART PETROLEUM CORPORATION

STATE #35-11
SECTION 35, T15 1/2S, R22E, S.L.B.&M.
2261' FSL 1661' FWL

Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC MAP	09 MONTH	11 DAY	07 YEAR
SCALE: 1" = 2000'	DRAWN BY: C.P.	REVISED: 10-29-07	D TOPO

BOP Equipment

5000psi WP

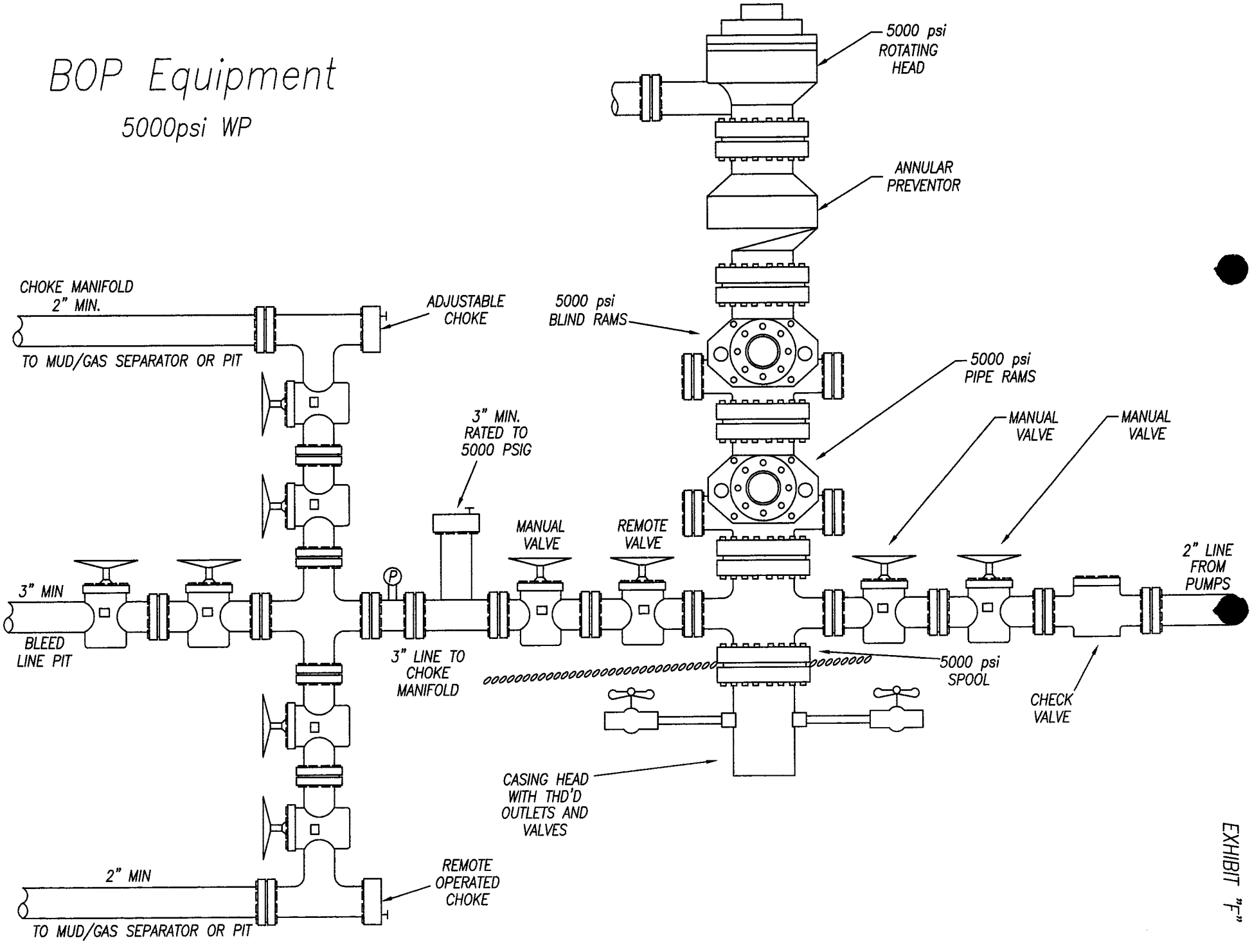


EXHIBIT "F"

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 10/04/2007

API NO. ASSIGNED: 43-019-31557

WELL NAME: STATE 35-11

OPERATOR: STEWART PETROLEUM CORP (N3145)

PHONE NUMBER: 303-799-1922

CONTACT: DON HAMILTON

PROPOSED LOCATION:

NESW 35 155S 220E

SURFACE: 2261 FSL 1661 FWL

BOTTOM: 2261 FSL 1661 FWL

COUNTY: GRAND

LATITUDE: 39.45821 LONGITUDE: -109.4620

UTM SURF EASTINGS: 632326 NORTHINGS: 4368547

FIELD NAME: WILDCAT (1)

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering	DKD	12/18/07
Geology		
Surface		

LEASE TYPE: 3 - State

LEASE NUMBER: ML-47560

SURFACE OWNER: 3 - State

PROPOSED FORMATION: WINGT

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

✓ Plat

✓ Bond: Fed[] Ind[] Sta[] Fee[]
(No. RLB0010223)

N Potash (Y/N)

N Oil Shale 190-5 (B) or 190-3 or 190-13

✓ Water Permit
(No. 49-123)

N RDCC Review (Y/N)
(Date:)

N/A Fee Surf Agreement (Y/N)

NA Intent to Commingle (Y/N)

LOCATION AND SITING:

___ R649-2-3.

Unit: CEDAR CAMP

___ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells

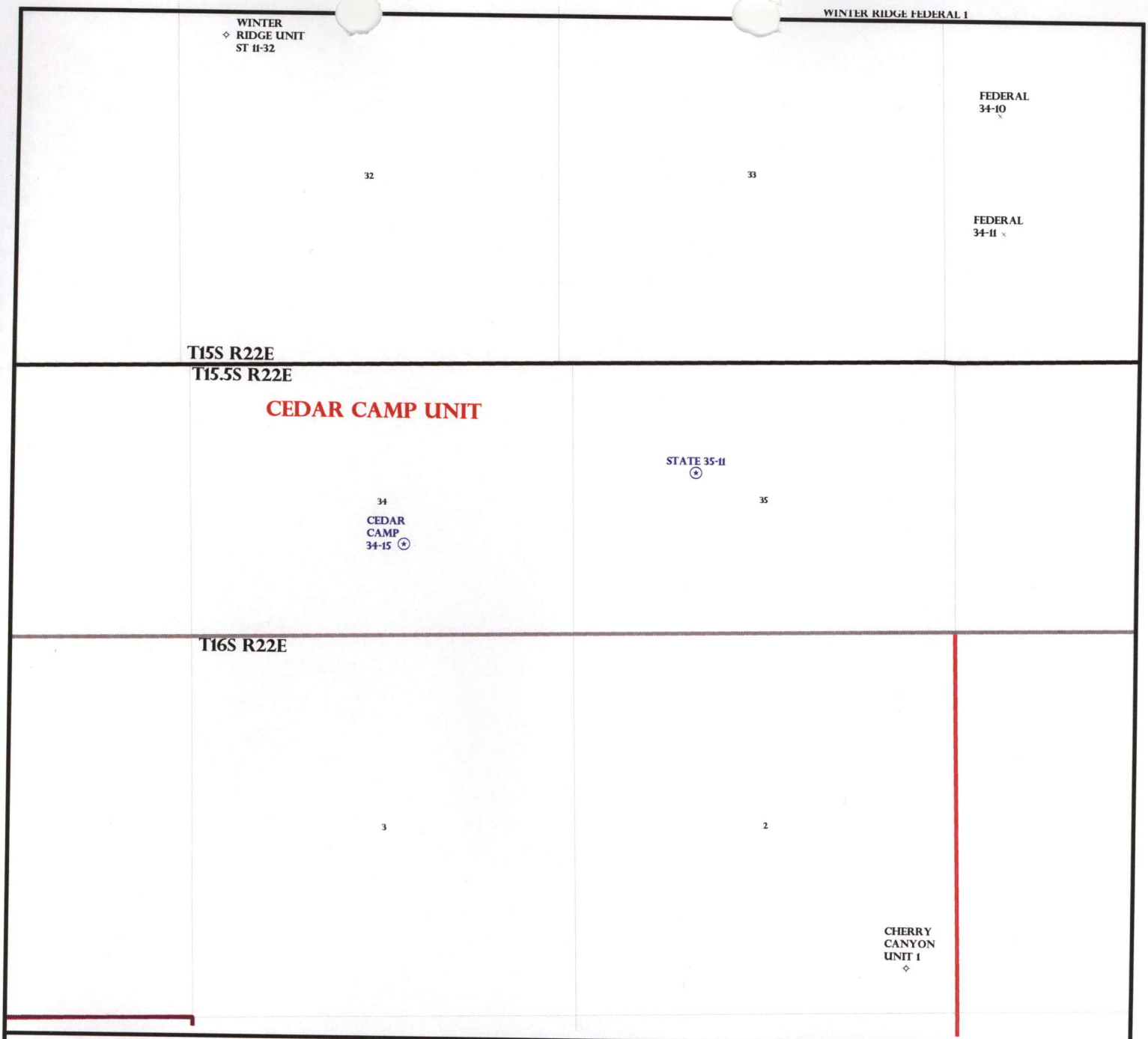
✓ R649-3-3. Exception

___ Drilling Unit
Board Cause No:
Eff Date:
Siting:

___ R649-3-11. Directional Drill

COMMENTS: Need Presite (11-07-07)

STIPULATIONS: 1- Spacing Slip
2- STATEMENT OF BASIS
3- Cement Stip #3a (5½" production, 2600' MD, Mesa Verde Fm.)



OPERATOR: STEWART PETRO CORP (N3145)

SEC: 34,35 T.15.5S R. 22E

FIELD: WILDCAT (001)

COUNTY: GRAND

SPACING: R649-3-3 / EXCEPTION LOCATION

Field Status
- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED

Unit Status
- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Wells Status
- GAS INJECTION
- GAS STORAGE
- LOCATION ABANDONED
- NEW LOCATION
- PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- SHUT-IN GAS
- SHUT-IN OIL
- TEMP. ABANDONED
- TEST WELL
- WATER INJECTION
- WATER SUPPLY
- WATER DISPOSAL
- DRILLING

UTAH DNR
OIL, GAS & MINING

N
W E
S

PREPARED BY: DIANA MASON
DATE: 18-OCTOBERR-2007

Application for Permit to Drill
Statement of Basis

APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
555	43-019-31557-00-00		GW	S	No

Operator STEWART PETROLEUM CORP **Surface Owner-APD**
Well Name STATE 35-11 **Unit**
Field UNDESIGNATED **Type of Work**
Location NESW 35 15.5S 22E S 2261 FSL 1661 FWL GPS Coord (UTM) 632326E 4368547N

Geologic Statement of Basis

Stewart proposes to set 60 feet of conductor pipe, ~~300'~~ 1000' of surface casing and ~~9,900'~~ 11,000' of ~~intermediate~~ production casing. The surface casing and the intermediate casing will be cemented to surface. The base of the moderately saline water is at approximately 4,000 feet in this area. This location lies on the Green River Formation. The proposed location is in a recharge area for the aquifers of the upper Green River formation and fresh water can be expected to be found in the upper Green River. A search of Division of Water Rights records indicates no water wells within a 10,000 foot radius of the proposed location. The proposed casing and cement program should adequately protect any useable ground water. Intermediate casing cement should be brought up above the base of the moderately saline ground water.

Brad Hill — **APD Evaluator**
11/13/2007 — **Date / Time**

Surface Statement of Basis

The general location is the Winter Ridge area of the Book Cliff Mountains or Roan Plateau of northern Grand County, Utah. Vernal Utah is approximately 66 air miles to the north and Ouray, Utah 69 road miles to the north. Access to the area from Ouray, Utah is following the Seep Ridge Uintah County road, the Book Cliffs Divide Grand County road, the Grand County Winter Ridge road and oil field and timber sale development roads. Approximately 1.8 miles of two-track road will be upgraded and 0.4 miles of new road constructed to reach the proposed location. The Green River formation is the surface formation. Topography in the general area is broad flat or rounded ridges generally sloping in a north or westerly direction. Ridges are intersected with draws or deep canyons. Canyon walls may become excessively steep and rimmed with exposed sandstone bedrock out crops or ledges. Meadow Creek, the major drainage in the area, runs in a westerly direction into Willow Creek. Occasional seeps or springs occur in the numerous side drainages with the only flowing stream occurring below the junction of Kelly Canyon with Meadow Creek about 2 miles to the west. An occasional constructed pond to collect surface runoff for livestock and game watering exists.

The State 35-11 well is proposed near the center of a flat-topped ridge which slopes gently to the south and west into a side draw of Meadow Creek. The proposed location breaks off gently to moderately steep from the center of the location northwesterly toward corners 1, 2 and 8. No drainages are interrupted and no diversions around the pad will be needed. No stability problems are expected to occur with the location as proposed. The road to be constructed to reach the location crosses a steep sided deep draw. A culvert will be required at this crossing. The selected location appears to be a good site for constructing a pad and operating a well.

Both the minerals and surface are owned by SITLA.

Jim Davis of SITLA and Ben Williams representing the UDWR attended the pre-site.

Mr. Williams of the UDWR stated the area is classified as substantial value spring fawning habitat for deer and crucial value calving habitat for elk. He however recommended no restriction periods. Mr. Williams gave Mr. Smith and Mr. Davis a copy of this evaluation and also a seed mix recommendation to be used when the reserve pit and location are reclaimed.

Floyd Bartlett	11/7/2007
Onsite Evaluator	**Date / Time**

Conditions of Approval / Application for Permit to Drill

Category	Condition
Pits	A synthetic liner with a minimum thickness of 16 mils with a felt subliner shall be properly installed and maintained in the reserve pit.

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator STEWART PETROLEUM CORP
Well Name STATE 35-11
API Number 43-019-31557-0 **APD No** 555 **Field/Unit** UNDESIGNATED
Location: 1/4,1/4 NESW **Sec** 35 **Tw** 15.5S **Rng** 22E 2261 FSL 1661 FWL
GPS Coord (UTM) 632322 4368553 **Surface Owner**

Participants

Floyd Bartlett (DOGM), Jim Davis (SITLA), Ben Williams and Daniel Emmett (UDWR), Don Hamilton (Permitting Agent for Stewart Petroleum Corporation), Shane Campbell and Jesse Hamilton (Dirt Contractors) and Luke Kay (Uintah Engineering and Land Surveying).

Regional/Local Setting & Topography

The general location is the Winter Ridge area of the Book Cliff Mountains or Roan Plateau of northern Grand County, Utah. Vernal Utah is approximately 66 air miles to the north and Ouray, Utah 69 road miles to the north. Access to the area from Ouray, Utah is following the Seep Ridge Uintah County road, the Book Cliffs Divide Grand County road, the Grand County Winter Ridge road and oil field and timber sale development roads. Approximately 1.8 miles of two-track road will be upgraded and 0.4 miles of new road constructed to reach the proposed location. The Green River formation is the surface formation. Topography in the general area is broad flat or rounded ridges generally sloping in a north or westerly direction. Ridges are intersected with draws or deep canyons. Canyon walls may become excessively steep and rimmed with exposed sandstone bedrock out crops or ledges. Meadow Creek, the major drainage in the area, runs in a westerly direction into Willow Creek. Occasional seeps or springs occur in the numerous side drainages with the only flowing stream occurring below the junction of Kelly Canyon with Meadow Creek about 2 miles to the west. An occasional constructed pond to collect surface runoff for livestock and game watering exists.

The State 35-11 gas well is proposed near the center of a flat-topped ridge which slopes gently to the south and west into a side draw of Meadow Creek. The proposed location breaks off gently to moderately steep from the center of the location northwesterly toward corners 1, 2 and 8. No drainages are interrupted and no diversions around the pad will be needed. No stability problems are expected to occur with the location as proposed. The road to be constructed to reach the location crosses a steep sided deep draw. A culvert will be required at this crossing. The selected location appears to be a good site for constructing a pad and operating a well.

Both the minerals and surface are owned by SITLA.

Surface Use Plan

Current Surface Use
Wildlfe Habitat

New Road Miles	Well Pad		Src Const Material	Surface Formation
0.4	**Width** 285	**Length** 375	Onsite	GRRV

Ancillary Facilities N

Waste Management Plan Adequate? Y

Environmental Parameters

Affected Floodplains and/or Wetland N

Flora / Fauna

Vegetation is a moderately dense forested area. Major species consist of pinion, juniper, Douglas fir, pine grass,

bitter brush and scattered grasses and forbs.

Deer , elk , coyotes, rabbits, bear, lion, small mammals and birds.

Soil Type and Characteristics

Shallow rocky sandy loam.

Erosion Issues N

Sedimentation Issues N

Site Stability Issues N

Drainage Diverson Required N

Berm Required? N

Erosion Sedimentation Control Required? N

Paleo Survey Run? N **Paleo Potental Observed?** N **Cultural Survey Run?** Y **Cultural Resources?** Y

Reserve Pit

Site-Specific Factors		Site Ranking
Distance to Groundwater (feet)	>200	0
Distance to Surface Water (feet)	>1000	0
Dist. Nearest Municipal Well (ft)	>5280	0
Distance to Other Wells (feet)	>1320	0
Native Soil Type	Mod permeability	10
Fluid Type	Fresh Water	5
Drill Cuttings	Normal Rock	0
Annual Precipitation (inches)	10 to 20	5
Affected Populations	<10	0
Presence Nearby Utility Conduits	Not Present	0
	Final Score	20 1 **Sensitivity Level**

Characteristics / Requirements

A reserve pit 80' by 190' and 10' deep in an area of cut on the southeast corner of the location. No stabilization problems are expected. A 16 mil liner with an appropriate thickness of felt will be required.

Closed Loop Mud Required? N **Liner Required?** Y **Liner Thickness** 16 **Pit Underlayment Required?** Y

Other Observations / Comments

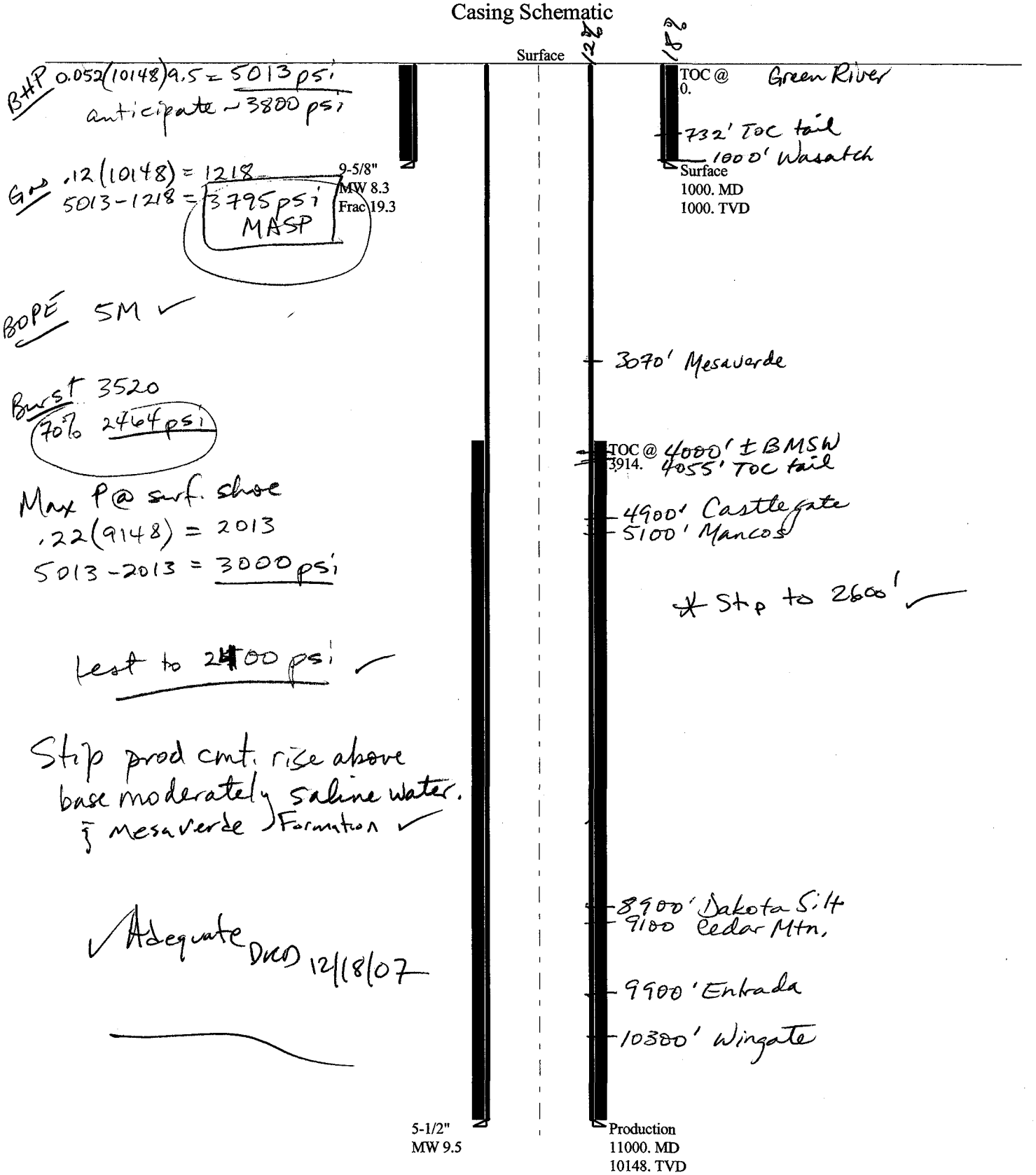
A slight re-route of the two-track access road is planned to miss an archeological site.

Floyd Bartlett — **Evaluator**

11/7/2007 — **Date / Time**

2007-11 Stewart Pet. State 35-11

Casing Schematic



Well name:	**2007-11 Stewart Pet. State 35-11**
Operator:	**Stewart Petroleum Corporation**
String type:	Surface
Project ID:	43-019-31557
Location:	Grand County

Design parameters:

Collapse

Mud weight: 8.300 ppg
Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 880 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 1,000 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on buoyed weight.
Neutral point: 877 ft

Environment:

H2S considered? No
Surface temperature: 65 °F
Bottom hole temperature: 79 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 250 ft

Cement top: Surface

Non-directional string.

Re subsequent strings:

Next setting depth: 10,148 ft
Next mud weight: 9.500 ppg
Next setting BHP: 5,008 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 1,000 ft
Injection pressure: 1,000 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft^3)
1	1000	9.625	36.00	K-55	ST&C	1000	1000	8.765	434.1

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	431	2020	4.685	1000	3520	3.52	32	423	13.40 J

Prepared by: Helen Sadik-Macdonald
Div of Oil,Gas & Minerals
Phone: 801-538-5357
FAX: 810-359-3940
Date: November 16,2007
Salt Lake City, Utah

Remarks:
Collapse is based on a vertical depth of 1000 ft, a mud weight of 8.3 ppg The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:	**2007-11 Stewart Pet. State 35-11**
Operator:	**Stewart Petroleum Corporation**
String type:	Production
Project ID:	43-019-31557
Location:	Grand County

Design parameters:

Collapse

Mud weight: 9.500 ppg
Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 2,776 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 5,008 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

8 Round STC:	1.80 (J)
8 Round LTC:	1.80 (J)
Buttress:	1.60 (J)
Premium:	1.50 (J)
Body yield:	1.50 (B)

Tension is based on buoyed weight.
Neutral point: 8,686 ft

Environment:

H2S considered?	No
Surface temperature:	65 °F
Bottom hole temperature:	207 °F
Temperature gradient:	1.40 °F/100ft
Minimum section length:	1,500 ft
Cement top:	3,914 ft

Directional well information:

Kick-off point	9671 ft
Departure at shoe:	1056 ft
Maximum dogleg:	12.07 °/100ft
Inclination at shoe:	90 °

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft^3)
2	9900	5.5	17.00	N-80	LT&C	9891	9900	4.767	1292.2
1	1100	5.5	17.00	P-110	LT&C	10148	11000	4.767	143.6

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
2	4881	5900	1.209	4952	7740	1.56	148	348	2.36 J
1	5008	7480	1.494	5008	10640	2.12	-20	445	-21.72 J

Prepared by: Helen Sadik-Macdonald
Div of Oil,Gas & Minerals
Phone: 801-538-5357
FAX: 810-359-3940
Date: December 3,2007
Salt Lake City, Utah

Remarks:
Collapse is based on a vertical depth of 10148 ft, a mud weight of 9.5 ppg The casing is considered to be evacuated for collapse purposes.
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.
Collapse strength is (biaxially) derated for doglegs in directional wells by multiplying the tensile stress by the cross section area to calculate a

B&A Buys & Associates, Inc.
Environmental Consultants

2580 Creekview Road
Moab, Utah 84532
435/719-2018 435/719-2019 Fax

October 31, 2007

Mrs. Diana Mason
State of Utah
Division of Oil Gas and Mining
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RE: **Replacement Pages** for the Submitted APD - Stewart Petroleum Corporation
State #35-11– 2,261' FSL & 1,661' FWL, NE/4 SW/4,
Section 35, T15-1/2S, R22E, SLB&M, Grand County, Utah

Dear Mrs. Mason:

On behalf of Stewart Petroleum Corporation, Buys & Associates, Inc. respectfully submits the enclosed replacement Exhibit 'B" pages and surface use plan to replace those pages previously submitted within the State 35-11 APD. The change is needed because of a road and pipeline re-route to avoid cultural resources in the area of the existing road.

Thank you very much for your timely consideration of this application. Please feel free to contact myself or Daryl Stewart of Stewart Petroleum Corporation at 303-799-1922 if you have any questions or need additional information.

Sincerely,

Don Hamilton

Don Hamilton
Agent for Stewart Petroleum Corporation

cc: Daryl Stewart, Stewart Petroleum Corporation
Lavonne Garrison, SITLA
Ed Bonner, SITLA

RECEIVED
NOV 07 2007
DIV. OF OIL, GAS & MINING

From: Ed Bonner
To: Mason, Diana
Date: 11/29/2007 11:19 AM
Subject: Well Clearance

CC: Davis, Jim; Garrison, LaVonne; Hill, Brad; Hunt, Gil

The following wells have been given cultural resources clearance by the Trust Lands Cultural Resources Group:

Delta Petroleum Corporation
Greentown State 36-44S (API 43 019 31522)

Kerr McGee Oil & Gas Onshore LP
NBU 921-25NT (API 43 047 39368)

Newfield Production Company
Ashley State 16-2T-9-15 (API 43 013 33804)
Odekirk Spring State 4-36T-8-17 (API 43 047 39769)
Sundance State 6-32T-8-18 (API 43 047 39770)

Stewart Petroleum Corporation
Cedar Camp 34-15 (API 43 019 31561)
State 35-11 (API 43 019 31557)

If you have any questions regarding this matter please give me a call.

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil Gas and Mining

JOHN R. BAZA
Division Director

December 19, 2007

Stewart Petroleum Corporation
475 17th St., Ste. 1250
Denver, CO 80202

Re: State 35-11 Well, 2261' FSL, 1661' FWL, NE SW, Sec. 35, T. 15.5 South, R. 22 East, Grand County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann.§ 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-019-31557.

Sincerely,

K. Michael Hebertson

For Gil Hunt
Associate Director

pab
Enclosures

cc: Grand County Assessor
SITLA
Bureau of Land Management, Moab Office

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

UTAH DNR OIL, GAS & MINING

Operator: Stewart Petroleum Corporation

Well Name & Number State 35-11

API Number: 43-019-31557

Lease: ML-47560

Location: NE SW **Sec.** 35 **T.** 15.5 South **R.** 22 East

Conditions of Approval

1. **General**

   Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. **Notification Requirements**

   The operator is required to notify the Division of Oil, Gas and Mining of the following action during drilling of this well:

   - 24 hours prior to cementing or testing casing – contact Dan Jarvis
   - 24 hours prior to testing blowout prevention equipment – contact Dan Jarvis
   - 24 hours prior to spudding the well – contact Carol Daniels
   - Within 24 hours of any emergency changes made to the approved drilling program – contact Dustin Doucet
   - Prior to commencing operations to plug and abandon the well – contact Dan Jarvis

   The operator is required to get approval from the Division of Oil, Gas and Mining before performing any of the following actions during the drilling of this well:

   - Plugging and abandonment or significant plug back of this well – contact Dustin Doucet
   - Any changes to the approved drilling plan – contact Dustin Doucet

   The following are Division of Oil, Gas and Mining contacts and their telephone numbers (please leave a voice mail message if the person is not available to take the call):

   - Dan Jarvis at: (801) 538-5338 office (801) 942-0873 home
   - Carol Daniels at: (801) 538-5284 office
   - Dustin Doucet at: (801) 538-5281 office (801) 733-0983 home

3. **Reporting Requirements**

   All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

6. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

7. Cement volume for the 5 1/2" production string shall be determined from actual hole diameter in order to place cement from the pipe setting depth back to 2600' MD in order to adequately isolate the Mesaverde formation.

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

February 26, 2009

Stewart Petroleum Corporation
475 17TH Street, Suite 1250
Denver, CO 80202

Re: APD Rescinded – State 35-11, Sec.35, T.15.5S, R. 22E
Grand County, Utah API No. 43-019-31557

Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on December 19, 2007. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective February 26, 2009.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Vernal

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UTAH DNR OIL, GAS & MINING